

CWP No.14381 of 2012

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**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

**CWP No.14381 of 2012
Date of decision:06.01.2016**

M/s. Ludhiana Builders

...Petitioner

Versus

State of Punjab and others

...Respondents

CORAM: Hon'ble Mr. Justice Rakesh Kumar Jain

Present: Mr. Sunil Chadha, Senior Advocate, with
Ms. Swati Verma, Advocate, for the petitioner.

Mr. V. Ramswaroop, Addl. A.G., Punjab.

Mr. Samarth Sagar, Advocate,
for respondent No.3.

Rakesh Kumar Jain, J.

The Municipal Corporation, Ludhiana (hereinafter referred to as the “respondent-corporation”), vide FCC 3978 dated 29.03.2000, sanctioned contract of work “construction of Offices & Residences for Central Fire Station etc. opposite Railway Station” in favour of the petitioner-firm. A formal agreement was executed between the parties on 03.11.2000. Initially, the estimated cost of the work was ₹1,59,80,087/- which was finally settled at ₹72,95,470/-. The case set up by the petitioner is that it has executed the work to the entire satisfaction of the respondent-corporation who has already cleared its first six running bills but the

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payment of 7th running-cum-final bill of ₹6,60,563/-, submitted on 14.12.2009, has not been released which was though prepared on the basis of entries made in Measurement Book No.2092. The petitioner has, thus, prayed for a writ in the nature of *mandamus* for payment of the outstanding amount of the 7th running-cum-final bill and also the security amount along with interest @ 18% per annum as the said amount is due from 14.12.2009.

After notice, the respondent-corporation filed its reply admitting the amount to be paid to the petitioner towards the 7th running-cum-final bill which was allegedly got delayed because the original case file of the work was lost at the time of clearance of the 7th running-cum-final bill and after relying upon the duplicate bills and vouchers, the case of the petitioner has been reconsidered and proposed to the Commissioner for release of the said amount. A statement was also made by the counsel appearing on behalf of the respondent-corporation on 17.01.2013 that the payments have been sanctioned on the final bill of the contractor and the same shall be paid to him within four weeks. The dispute in this case is thus not in regard to the principal amount but of the interest which is stated to have accrued on the amount which has been paid after a long delay.

Counsel for the respondent-corporation has submitted that even if there is a delay, the petitioner is not entitled to the interest in view of Clause 11 of the agreement between the parties in which it is provided that “*no interest shall be charged in case of delay of payment*”.

Counsel for the petitioner has not denied the aforesaid clause in the agreement regarding non-payment of interest on account of the delay in payment but has submitted that the respondents are liable to pay interest

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because of their fault in not releasing its payment, which was otherwise due, in time.

After hearing learned counsel for the parties and examining the available record, I am of the considered opinion that in normal circumstances, in the absence of any such condition in the agreement, the petitioner would have been entitled to interest on the delayed payment but as the petitioner itself had agreed, while entering into the agreement with the respondent-corporation, that in case there would be a delay on the part of the respondent-corporation in making the payment, it would not charge any interest, then the prayer made by the petitioner in respect of the interest cannot be accepted.

Hence, in view of the aforesaid discussion, I do not find any merit in this case for the grant of interest on the principal amount, which has been though paid to the petitioner after a delay.

Dismissed.

January 06, 2016
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(Rakesh Kumar Jain)
Judge